

CALEDONIA TOWNSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name CALEDONIA CHARTER TOWNSHIP	County SHIAWASSEE
Fiscal Year End DECEMBER 31, 2005	Opinion Date JUNE 16, 2006	Date Audit Report Submitted to State AUGUST 22, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

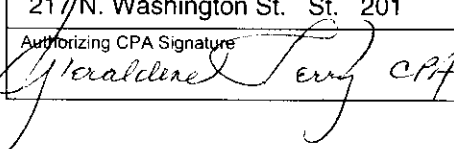
We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input checked="" type="checkbox"/>			
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name) Demis and Wenzlick, P.C.		Telephone Number 989-723-8227		
Street Address 217 N. Washington St. St. 201		City Owosso	State MI	Zip 48867
Authorizing CPA Signature 		Printed Name Geraldine Terry		License Number 1101026880

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INDEPENDENT AUDITOR'S REPORT

Caledonia Charter Township
Members of the Township Board
Shiawassee County, Michigan

We have audited the accompanying general-purpose financial statements of Caledonia Charter Township, Michigan, as of and for the year ended December 31, 2005. These general-purpose financial statements are the responsibility of the Township of Caledonia's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We have conducted our audit in accordance with auditing standards accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The municipality has elected not to comply with the provisions of Governmental Accounting Standards Board Statement #34. The basic financial statements were prepared on the modified accrual basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. GASB 34 requires management's discussion and analysis which also has not been presented.

In our opinion, except for the non-application of GASB 34, the the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Caledonia Charter Township as of December 31, 2005 and the results of its operations for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of Caledonia Charter Township. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general-purpose financial statements taken as a whole.

Our report of comments and recommendations has been submitted under date of June 16, 2006.

Domin and Wenzel, P.C.

Certified Public Accountants

Owosso, Michigan
June 16, 2006

CALEDONIA CHARTER TOWNSHIP
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 2005

	Government Fund Types			Proprietary Fund Types	Fiduciary Fund Type	Account Groups
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets
ASSETS:						
Cash & Cash Equivalents	\$ 40,212	\$ 15,574	\$ 402	\$ 191,090	\$ 1,827	\$
Cert. of Deposit	196,242	300,889	243,628	2,237,563		
Accounts Receivable		7,865	4,731	524		
Due from Other Funds	1,615	11,448			133	
Due from State of Michigan	51,425					
Due from Other Governmental Units						
Fixed Assets (Net of Accum. Deprec.)				25,088		1,045,797
Investment in Subsidiary				4,427,999		
Total Assets	\$ 289,494	\$ 335,776	\$ 248,761	\$ 6,882,264	\$ 1,960	\$ 1,045,797
Liabilities:						
Accounts Payable	\$ 35,415	\$ 11,448	\$	\$	\$	\$
Due to Other Funds	11,448				1,747	
Due to Other Taxing Ent				720	213	
Total Liabilities	\$ 46,863	\$ 11,448	\$ 0	\$ 720	\$ 1,960	\$ 0
Fund Equity						
Contributed Capital Investment in General Fixed Assets				41,485		1,045,797
Retained Earnings				6,840,059		
Fund Balance	242,631	324,328	248,761			
Total Fund Equity	\$ 242,631	\$ 324,328	\$ 248,761	\$ 6,881,544	\$ 0	\$ 1,045,797
Total Liabilities & Fund Equity	\$ 289,494	\$ 335,776	\$ 248,761	\$ 6,882,264	\$ 1,960	\$ 1,045,797

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND AND CHANGES IN FUND BALANCES.
 BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, SPECIAL REVENUE, AND CAPITAL PROJECTS FUND TYPES
 YEAR ENDED DECEMBER 31, 2005

	GENERAL FUND			SPECIAL REVENUE FUND TYPES			CAPITAL PROJECT FUND TYPES		
	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET	BUDGET	ACTUAL	ACTUAL (OVER) UNDER BUDGET
REVENUES:									
Taxes	\$ 137,500	\$ 150,772	\$ (13,272)	\$	\$	\$ 0	\$	\$ 0	\$ 0
State Shared Revenues	302,000	302,297	(297)			0			
Licenses and Permits	41,000	69,572	(28,572)			0		0	0
Charges for Services	2,600	2,716	(116)		15,943	(15,943)			
Interest Income	3,000	6,546	(3,546)		27,395	(27,395)		10,488	(10,488)
Miscellaneous Other	25,100	32,177	(7,077)			0			
TOTAL REVENUES	\$ 511,200	\$ 564,080	\$ (52,880)	\$ 0	\$ 43,338	\$ (43,338)	\$ 0	\$ 10,488	\$ (10,488)
EXPENDITURES:									
Township Board	\$ 48,200	\$ 40,108	\$ 8,092	\$	\$	\$	\$	\$	\$
Supervisor	17,150	16,600	550						
Assessor	27,200	27,030	170						
Elections	0	407	(407)						
Clerk & Deputy Clerk	20,050	19,197	853						
Board of Review	2,510	1,338	1,172						
Treasurer & Deputy	28,110	27,548	562						
Hall, Annex & Grounds	15,570	24,224	(8,654)						
Other General Gov't	98,300	98,532	(232)						
Cemetery	4,670	3,529	1,141						
Building Inspector	27,950	35,430	(7,480)						0
Zoning & Planning	30,200	31,729	(1,529)						
Board of Appeals	1,850	1,889	(39)						
Public Works	89,017	88,332	685						
Fire Protection		0	0	0	106,077	(106,077)			
TOTAL EXPENDITURES	\$ 410,777	\$ 415,893	\$ (5,116)	\$ 0	\$ 106,077	\$ (106,077)	\$ 0	\$ 0	\$ 0
REVENUES OVER (UNDER) EXPENDITURES	\$ 100,423	\$ 148,187	\$ (47,764)	\$ 0	\$ (62,739)	\$ 62,739	\$ 0	\$ 10,488	\$ (10,488)
OTHER FINANCING SOURCES:									
Transfers In	\$	\$	\$	\$ 0	\$ 100,015	\$ (100,015)	\$	\$	\$
Transfers Out	(100,000)	(100,015)	15			0			0
TOTAL OTHER FINANCING SOURCES	\$ (100,000)	\$ (100,015)	\$ 15	\$ 0	\$ 100,015	\$ (100,015)	\$ 0	\$ 0	\$ 0
EXCESS REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ 423	\$ 48,172	\$ (47,749)	\$ 0	\$ 37,276	\$ (37,276)	\$ 0	\$ 10,488	\$ (10,488)
Fund Balance - Beginning		194,459			287,052			238,273	
Fund Balance - End of Year		\$ 242,631			\$ 324,328			\$ 248,761	

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2005

	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>CAPITAL PROJECTS</u>
REVENUES:			
Prop. Taxes and Assessments	\$ 150,772	\$ 15,943	\$ -0-
Trailer Taxes	256	-0-	-0-
Charges for Services	2,716	-0-	-0-
Rent Income	11,275	-0-	-0-
Licenses & Permits	69,572	-0-	-0-
State Shared Revenues	302,297	-0-	-0-
Interest Income & Other	6,546	27,395	10,488
Miscellaneous	<u>20,646</u>	<u>-0-</u>	<u>-0-</u>
TOTAL REVENUES	\$ 564,080	\$ 43,338	\$ 10,488
EXPENDITURES:			
Township Board	\$ 40,108	\$	\$
Supervisor	16,600		
Assessor	27,030		
Elections	407		
Clerk & Deputy Clerk	19,197		
Board of Review	1,338		
Treasurer & Deputy Tr.	27,548		
Hall, Annex & Grounds	24,224		
Other General Gov't.	98,532		
Cemetery	3,529		
Building Inspector	35,430		
Zoning/Planning	31,729		
Board of Appeals	1,889		
Public Works	88,332		
Fire	<u>-0-</u>	<u>106,077</u>	<u>-0-</u>
TOTAL EXPENDITURES	\$ <u>415,893</u>	\$ <u>106,077</u>	\$ <u>-0-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 148,187	\$ (62,739)	\$ 10,488
OTHER SOURCES (USES) OF FUNDS:			
Transfers In	\$	\$ 100,015	\$ -0-
Transfers Out	<u>(100,015)</u>	<u>-0-</u>	<u>-0-</u>
TOTAL OTHER SOURCES (USES)	\$ (100,015)	\$ 100,015	\$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	\$ 48,172	\$ 37,276	\$ 10,488
Fund Balance Jan. 1	<u>194,459</u>	<u>287,052</u>	<u>238,273</u>
FUND BALANCE Dec. 31	\$ <u>242,631</u>	\$ <u>324,328</u>	\$ <u>248,761</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2005

REVENUES:	
Charges for Services	\$ 127,085
Hookups	24,000
Interest	<u>51,682</u>
TOTAL REVENUES	\$ 202,767
OPERATING EXPENSES:	
Operation of Plant	\$ 154,272
Replacement	14,872
Depreciation Expense	24,734
Miscellaneous Expense	<u>45</u>
TOTAL OPERATING EXPENSES	\$ <u>193,923</u>
TOTAL OPERATING INCOME	\$ 8,844
Retained Earnings	6,895,211
Decrease in Value of Subsidiary During the Year	<u>(63,996)</u>
RETAINED EARNINGS	<u>\$6,840,059</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ALL PROPRIETARY FUND TYPES
COMBINED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005

Cash Flows from Operating Activities:	
Net Income	\$ 8,844
Adjustments to Reconcile Net Income to Net	
Cash Provided from Operating Activities:	
Depreciation	24,734
Decrease in Accounts Receivable	11,642
Increase in Due to Other Entities	<u>720</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 45,940
 Cash and Cash Equivalents January 1, 2005	 <u>2,382,713</u>
CASH AND CASH EQUIVALENTS DECEMBER 31, 2005	<u><u>\$2,428,653</u></u>

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year For:	
Interest	\$ -0-

Disclosure of Accounting Policy:

For the purpose of the Statement of Cash Flows, the company considers all highly debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2005

	BALANCE <u>12-31-04</u>	ADDITIONS	DEDUCTIONS	BALANCE <u>12-31-05</u>
CURRENT TAX COLLECTION FUND				
ASSETS:				
Cash	\$ <u>40</u>	\$ <u>4,180,697</u>	\$ <u>4,180,705</u>	\$ <u>32</u>
LIABILITIES:				
Due to Other Funds	\$ -0-	\$ 172,129	\$ 172,127	\$ 2
Due to Other Taxing Ent.	40	4,008,568	4,008,578	30
Due to Others	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	\$ <u>40</u>	\$ <u>4,180,697</u>	\$ <u>4,180,705</u>	\$ <u>32</u>

TRUST AND AGENCY FUND

ASSETS:				
Cash	\$ 1,572	14,387	\$ 14,132	\$ 1,827
Due from Other Funds	<u>-0-</u>	<u>133</u>	<u>-</u>	<u>133</u>
	\$ <u>1,572</u>	\$ <u>14,520</u>	\$ <u>14,132</u>	\$ <u>1,960</u>
LIABILITIES:				
Due to Other Funds	\$ 1,572	\$ 14,307	\$ 14,132	\$ 1,747
Due to Other Taxing Ent.	<u>-0-</u>	<u>213</u>	<u>-0-</u>	<u>213</u>
	\$ <u>1,572</u>	\$ <u>14,520</u>	\$ <u>14,132</u>	\$ <u>1,960</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS (CONTINUED)
 YEAR ENDED DECEMBER 31, 2005

	<u>BALANCE</u> <u>12-31-04</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12-31-05</u>
COMBINED AMOUNTS				
ASSETS:				
Cash	\$ 1,612	\$4,195,084	\$4,194,837	\$ 1,859
Due from Other Funds	-0-	133	-0-	133
	<u>\$ 1,612</u>	<u>\$4,195,217</u>	<u>\$4,194,837</u>	<u>\$ 1,992</u>
LIABILITIES:				
Due to Other Funds	\$ 1,572	\$ 186,436	\$ 186,259	\$ 1,749
Due to Other Taxing Ent.	40	4,008,781	4,008,578	243
	<u>\$ 1,612</u>	<u>\$4,195,217</u>	<u>\$4,194,837</u>	<u>\$ 1,992</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND
ACCOUNT GROUPS

The Township of Caledonia, Michigan was originally organized as a Township under provisions of the constitution and general law of the State of Michigan. The Township is located in Shiawassee County. The Township operates under an elected Township Board which currently consists of a Supervisor Clerk, Treasurer, and four (4) Trustees and provides services to its residents in many areas including general government, fire protection, and sewer utility services.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; GASB Statement 14, The Financial Reporting Entity; and Statement on Michigan Governmental Accounting and Auditing No. 5, these financial statements present the financial activities of the Caledonia Charter Township (primary government), and its component unit (Corunna-Caledonia Fire Board). Blended component units, although legally separate entities, are, in substance, part of the governments operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the general purpose financial statements to emphasize that they are legally separate from the primary government. All component units of the Caledonia Charter Township are blended in the Township's audit and are not audited separately.

The inclusion of the activities of various agencies is based on the manifestation of oversight criteria, relying on such guidelines as the selection of the governing authority, the designation of management, the ability to exert significant influence on operations, and the accountability for fiscal matters. The accountability for fiscal matters consider the possession of the budgetary authority, the responsibility for surplus or deficit, the controlling of fiscal management, and the revenue characteristics, whether a levy or a charge. Consideration is also given to the scope of public service. The scope of public service considers whether the activity is for the benefit of the reporting entity and/or its residents and is within the geographic boundaries of the reporting entity and generally available to its citizens.

Based upon the application of these criteria, the general purpose financial statements of the Caledonia Charter Township contain all the funds and account groups controlled by the Township Board.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND
ACCOUNT GROUPS (CONTINUED)

BLENDDED COMPONENT UNIT

Corunna-Caledonia Fire Department - Caledonia Charter Township, in conjunction with the City of Corunna, has entered into an agreement that created the Corunna-Caledonia Fire Department. The Fire Department is governed by a five (5) member board. The Township and the City each appoint two individuals to the governing board. The appointed board members select an additional individual to serve on the Board as an at-large member. The Board's majority alternatives between the Township and the City every four years based on the appointment of the at-large member.

Based on the agreement creating the Fire Department, the Township is responsible for 58% of the annual expenditures of the Department, while the City of Corunna's share is 42%. The City of Corunna acts as the fiscal agent to the Fire Department and is reimbursed by the Township from the Special Revenue Fire Fund for the Township's share of operating expenditures. The Special Revenue Fire Capital Acquisition Fund accounts for the Township's share of revenue generated from fire runs and the Township's portion of the repayment of loan proceeds borrowed to finance the acquisition of a fire truck.

2. Joint Ventures

The Township participates in the following activities, which are considered to be joint ventures in relation to the Township, due to there being ongoing financial interest or responsibility.

Owosso Township - Caledonia Township Utility Authority - The Caledonia Charter Township is a member of the Owosso Township-Caledonia Township Utility Authority (Authority). The purpose of the Authority is to operate, maintain, administer, and manage a sewage disposal system and future water supply system for the benefit of the constituent municipalities. The wastewater treatment plant operated by the City of Owosso treats the sewage collected by the Township's sewage disposal system.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND
ACCOUNT GROUPS (CONTINUED)

2. Joint Ventures (Continued)

The governing body of the Authority is appointed by the constituent municipalities, and representation is based upon the purchased capacity of each municipality. The Caledonia Charter Township currently represented by three (3) of the six (6) members of the Authority Board. The annual budget of the Authority is submitted to the constituent municipalities and must be approved by a majority vote of the members-elect of the Authority.

The members of the Authority and percentage of responsibility are as follows:

Caledonia Charter Township	50%
Township of Owosso	50%

For the year ended December 31, 2005, the Caledonia Charter Township contributed \$169,144 to cover its share of operational costs and reserve activities.

An investment in the Authority is recorded to reflect the current carrying value at December 31, 2005, of the cumulative effect of the Authority's operations relating to the Township equity share in the joint venture from inception-to-date. The Caledonia Charter Township records their portion of the initial cost of construction of the Authority facilities as fixed assets in the Sewer and Water System (Enterprise) Funds.

The Authority bills and collects charges for sewer services on behalf of the Township. Of the total collected from Township residents, 60% is remitted to the Township and is recorded as charges for services in the financial statements. The Township uses their portion to the revenues generated from sewer charges to pay for treatment by the City of Owosso. Payments to the City of Owosso include quarterly capital charges, semi-annual debt service charges, Industrial Cost Recovery charges, and operation and maintenance charges based on the flow of sewage from the Township.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSES FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND
ACCOUNT GROUPS (CONTINUED)

Owosso Community Airport Board - The City of Corunna along with the City of Owosso, Shiawassee County, and Owosso and Caledonia Charter Townships have entered into an agreement which created the Owosso Community Airport Board. The Airport Board is composed of one (1) member from each of the member municipalities. The airport has been reported as a fund in the financial statements of Shiawassee County. Each participating municipality shall make a direct appropriation to cover operations and development costs. The percentage share for the funding model for each municipality is Shiawassee County and the City of Owosso 33%, owosso and Caledonia Charter Townships 13% and the City of Corunna 8%. The Township contributed \$3,046 to the Board for the year ended December 31, 2005.

3. Jointly Governed Organizations

The Township participates in the following activity which is considered to be a jointly governed organization in relation to the Township, due to their being no ongoing financial interest or responsibility:

Corunna Area Ambulance Service, Inc. - The City of Corunna along with the Townships of New Haven and Caledonia have entered into a service agreement with Corunna Area Ambulance Service, Inc., a Michigan nonprofit Corporation. The Corporation's board is composed of seven (7) members appointed by the corporation and two each from the City of Corunna and Caledonia Charter Township are elected, and one from the City of Corunna, Caledonia Charter Township, and New Haven Township are appointed. The Township is responsible to pay a per dwelling or equivalent until charge for all dwellings within the Township which is assessed to all residents on their tax bills. The township paid \$48,618 in per dwelling charges to Corunna Area ambulance Service, Inc., for the year ended December 31, 2005.

4. Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Township resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES, AND
ACCOUNT GROUPS (CONTINUED)

4. Basis of Presentation (Continued)

The various funds are groups in the financial statements in this report into three (3) fund types and two (2) account groups as follows:

GOVERNMENTAL FUNDS

- a. General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. Special Revenue Funds (Fire, Fire Capital Acquisition and Cemetery) - The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.
- c. Capital Projects Fund (Revolving Improvement) - The Capital Fund is used to account for the financial resources to be used for the acquisition or construction of major Capital Projects (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

- a. Enterprise Funds (Sewer System, Water System) - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUND

- a. Agency Funds (Current Tax Collections, Trust and Agency) The Agency Funds are used to account for assets held by the Township in a trustee capacity as an agent for individuals, other organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE A - DESCRIPTION OF TOWNSHIP OPERATIONS, FUND TYPES AND
ACCOUNT GROUPS (CONTINUED)

ACCOUNT GROUPS

- a. General Fixed Assets Account Group - The General Fixed Assets Group is used to maintain control and cost information for all fixed assets of the Township other than those accounted for in the Proprietary Funds.
- b. General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to record the outstanding long-term obligations not otherwise recorded in the Proprietary Funds.

NOTE B - SUMMARY OF SIGNIFICANT POLICIES

The accounting policies of the Township conform to accounting principles generally accepted in the United States of America as applicable to Townships. The following is a summary of the more significant accounting policies:

1. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current and long-term assets.

The proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the Balance Sheet. Fund equity (i.e. net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e. revenues) and decreases (i.e. expenses) in net total assets.

There is no measurement focus for the agency fund since assets equal liabilities.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental and agency funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). Revenues which are considered measurable, but not available, are recorded as a receivable and deferred revenue. Revenues are generally considered available when they are received in cash (unless legally restricted to some future period) or when earned and expected to be collected soon enough after year end to pay liabilities of the current period. Significant revenues susceptible to accrual include certain intergovernmental revenue and charges for services. Most licenses and permits, fines and forfeits, and miscellaneous revenue sources generally are recorded as revenues when received in cash because they are not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

The proprietary funds are accounted for using the accrual basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred.

3. Budgets and Budgetary Accounting

The General and Special Revenue Funds budgets shown in the financial statements were prepared on a basis not substantially different than the basis used to reflect actual results.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Budgets and Budgetary Accounting (Continued)

The Township employs the following procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to January 1, the budget is legally adopted on a department (activity) level for the General Fund and the total expenditure level for the Special Revenue Funds through passage of a Board resolution. After the budget is adopted, all transfers of budgeted amounts between activities or any revisions that alter the total expenditures of the fund or activity must be approved by the Township Board.
- b. Formal budgetary integration is employed as a management control device during the year.
- c. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. Appropriations unused at December 31, are not carried forward to the following fiscal year.
- d. Budgeted amounts are reported as originally adopted or amended by the Township Board during the year. Individual amendments were not material to original appropriations which are adopted.

4. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of checking, savings, money market accounts and certificates of deposit. The cash and cash equivalents are recorded at cost, which approximates market value. Cash equivalents consist of certificates of deposit with original maturities of 90 days or less.

Investments include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. All investments are stated at market value.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Property Tax

The Caledonia Charter Township bills and collects its own property taxes and the tax levy for other governmental units. The Township's property tax revenue recognition policy and related tax calendar disclosures are as follows:

The Township's property tax is levied each December 1, on the taxable valuation of property located in the Township as of the preceding December 31. Although the Township's 2005 tax is levied and collectible on December 1, 2005, it is the Township's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of Township operations.

6. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or financial flow measurement focus resources. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of available spendable resources.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in a General Fixed Assets Account Group rather than in the governmental funds. The general fixed assets are recorded as expenditures at the time of purchase in the governmental fund types. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Groups, not in the governmental funds.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS 9(CONTINUED)
DECEMBER 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Fixed Assets and Long-Term Liabilities (continued)

All proprietary funds are accounted for on a cost of services or capital maintenance measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Fixed assets are recorded at cost, or if donated, at fair market value at the date of donation. Expenditures which materially extend the useful life of existing assets are capitalized. Public domain (infrastructure) general fixed assets which include roads, bridges, curbs and gutters, sidewalks, and drains are not capitalized.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets.

The estimated useful lives are:

Sewer System/Line/Pump Stations	20-25 years
Water Mains	30 years

7. Comparative Data

The prior year was a nine month fiscal year. Comparative data for the prior year has not been presented in the accompanying financial statements to the change in fiscal year end at December 31, 2002. The inclusion of comparative data would make the statement unduly complex and difficult to read.

8. Total Columns on Combined Statements

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Compensated Absences

The Township does not compensate employees for vacation time, sick time or any other absences.

10. Post-Retirement Health Care Benefits

The Township does not provide post-retirement health care benefits.

11. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting-under which purchase orders, contracts, and other commitments for expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental fund types. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. There were no significant encumbrances at year end.

12. Fund Equity

Contributed capital is recorded in proprietary funds that have received contributions from developers, customers, or other funds.

13. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursement to a fund for expenditures/expenses, initially made from it that are properly applicable to another fund, are recorded as expenditures/expense in the reimbursing fund as reduction of expenditures/expense in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

14. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS

In accordance with Michigan Compiled Laws, the Township is authorized to invest in the following investment vehicles:

- a. Bonds, securities and other obligations of the United States or any agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a State or nationally chartered bank or a State or Federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE C - CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Federal Deposit insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured bank for savings deposits and \$100,000 for demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000. Michigan Compiled Laws allow for collateralization of government deposits if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities, issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of December 31, 2005, the carrying amounts and the bank balances for each type of bank accounts are as follows:

	<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
Checking	\$ 239,681	\$ 906,655
Savings	360,116	360,116
Certificates of Deposit	<u>2,627,563</u>	<u>2,627,563</u>
	<u>\$3,227,360</u>	<u>\$3,894,334</u>

Cash and cash equivalents caption on the combined balance sheet include \$100 in imprest cash.

Deposits of the Township are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the Township. As of December 31, 2005, the Township accounts were insured by the FDIC for \$554,073 and the amount of \$2,673,287 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the Township held as cash and cash equivalents increased significantly. As a result, the amount of the uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year end.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at December 31, 2005, are as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLE</u>	<u>FUND</u>	<u>INTERFUND PAYABLE</u>
General:		Trust & Agency:	
Trust and Agency	\$ 1,615	General	\$ 1,615
Fire:		General:	
General	<u>11,448</u>	Fire	<u>11,448</u>
	<u>\$13,063</u>		<u>\$13,063</u>

NOTE E - FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>BALANCE 12-31-04</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE 12-31-05</u>
Land & Improve.	\$ 184,500	\$	\$	\$ 184,500
Buildings	314,444			314,444
Mach. & Equip.	266,595			266,595
Vehicles	<u>280,258</u>			<u>280,258</u>
	<u>\$1,045,797</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,045,797</u>

The 2004 additions were as a result of the Corunna-Caledonia Fire Agreement dated January 1, 2003.

A summary of Proprietary Fund Type fixed asset at December 31, 2005, follows:

	<u>ENTERPRISE</u>
Water Mains	\$204,136
Wastewater Treatment Plant	<u>513,450</u>
TOTAL	\$717,586
Less: Accumulated Depreciation	<u>(692,498)</u>
NET FIXED ASSETS	<u>\$ 25,088</u>

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE E - FIXED ASSETS (CONTINUED)

The amount recorded as Wastewater Treatment Plant represents the Township's 16.3% interest in the plant that provides services to the City of Owosso, Owosso Township, the City of Corunna and Caledonia Charter Township. The Township's interest in the plant is being depreciated over 20-25 years. The depreciation expense related to the plant for the year ended December 31, 2005 is \$17,930. Accumulated depreciation related to the plant as of December 31, 2005 is \$508,968.

Total depreciation expense of the Township for the year ended December 31, 2005 is \$24,734.

NOTE F - RISK MANAGEMENT

The Township participates in a pool, the Michigan Township Participating Plan with other municipalities for various risks of loss including employer's liability, errors and omissions, and property and casualty losses. The pool is organized under Public Act 138 of 1982, as amended. The Township has no liability for additional assessments based on the claims filed against the pool nor do they have any rights to dividends.

The Township also maintains commercial insurance coverage for workers' compensation.

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE G - INVESTMENT IN SUBSIDIARY

Caledonia Charter Township entered into a joint venture with Owosso Charter Township for the creation of an Utility Authority. Caledonia Charter Township owns 50% of the authority's equity, N.C.G.A. Statement 7, requires that this investment be shown on Caledonia Charter Township's financial records (Sewer Fund - an Enterprise Fund), using the equity method of accounting. The Utility Authority has 6 board members. Each township appoints 3 individuals to the board. The Utility Board budgets and finances are governed entirely by this 6 person board. Following is a summary of the Utility Authority (all amounts shown are as of December 31, 2005, the year end of the Utility Authority):

1. Total Assets - Utility Authority	<u>\$8,874,915</u>
Total Liabilities - Utility Authority	<u>\$ 18,918</u>
Total Equity - Utility Authority -	
Contributed Capital	\$8,555,290
Retained Earnings	<u>300,707</u>
	<u>\$8,855,997</u>
2. Total Revenues - Utility Authority	\$ 530,673
Total Expenditures - General Fund	658,667
(Depreciation on Assets Acquired	
by Grants)	<u>(171,126)</u>
	<u>\$ 487,541</u>
Increase in Fund Balance	<u>\$ 43,132</u>

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE G - INVESTMENT IN SUBSIDIARY (CONTINUED)

3. Caledonia Charter Township is responsible for 50% of all liabilities. The assets ownership corresponds to the above liability percentages.

The Caledonia Charter Township's share of the Utility Authority is as follows:

Assets	\$4,437,458
Liabilities	9,459
Equity	4,427,999
Change in Equity	(63,996)

All income of the Sewer Fund comes from the Utility Authority (shown as an expense of the Utility Authority).

NOTE H - SEGMENT INFORMATION

The Township maintains two Enterprise Funds which are intended to be self-supporting through user fees charged for services to the public. Financial segment information as of and for the year ended December 31, is presented below:

	<u>SEWER</u>	<u>WATER</u>	<u>TOTAL</u>
Operating Revenues	\$ 127,085	\$ -0-	\$ 127,085
Operating Expenses	169,159	30	169,189
Depreciation Expense	17,930	6,804	24,734
Operating Income (Loss)	(60,004)	(6,834)	(66,838)
Net Income (Loss)	14,539	(5,695)	8,844
Net Working Capital	2,309,054	119,403	2,428,457
Total Assets	6,742,255	140,009	6,882,264
Total Equity	6,741,535	140,009	6,881,544

CALEDONIA CHARTER TOWNSHIP
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2005

NOTE I - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Michigan Public Act 621 of 1978, Sections 18 and 19, as amended, provides that a local governmental unit not incur expenditures in excess of the amounts appropriated.

In the body of the general purpose financial statements, the Township's budgeted expenditures in the General and Special Revenue Funds have been shown at the functional classification level. The approved budgets of the Township have been adopted at the activity level for the General Fund and the total expenditure level for the Special Revenue Fund.

During the period ended December 31, 2005, the Township incurred expenditures in excess of the amounts appropriated as follows:

	<u>APPROPRIATED</u>	<u>AMOUNTS EXPENDED</u>	<u>VARIANCE</u>
Fire Acquisition Fund	\$ -0-	\$ -0-	\$ -0-
General Fund:			
Elections:			
Supplies	-0-	407	407
Clerk/Deputy Clerk:			
Salaries	15,000	15,168	168
FICA Tax	1,150	1,160	10
Assessor:			
Contracted Services	24,000	24,000	400
Hall, Annex & Grounds:			
Salaries	7,000	8,475	1,475
FICA Tax	520	648	128
Supplies	500	590	90
Repair & Maintenance	3,000	10,027	7,027
Other General Gov't:			
Street Lights	20,000	21,803	1,803
Telephone	2,800	3,702	902
Fire Hydrant	4,600	4,606	6
Treasurer/Deputy Treasurer:			
Salaries	19,000	19,455	455
FICA Tax	1,410	1,488	78
Building Inspector:			
Contracted Services	27,000	33,558	6,558
Software	650	1,785	1,135

CALEDONIA CHARTER TOWNSHIP
 NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)
 DECEMBER 31, 2005

NOTE I - EXCESS OF EXPENDITURES OVER APPROPRIATIONS (CONTINUED)

	<u>APPROPRIATED</u>	<u>AMOUNTS EXPENDED</u>	<u>VARIANCE</u>
Zoning & Planning Comm:			
Publishing	\$ 500	\$ 781	\$ 281
Contractual Services	25,000	28,149	3,149
Board of Appeals:			
Salaries	1,500	1,600	100
Public Works:			
Sewer	217	258	41
Water	2,500	5,806	3,306
Roads	68,000	79,312	11,312
Board of Review:			
Publishing/Supplies	370	372	2

NOTE J - FUND EQUITY RESERVES AND DESIGNATIONS

Reserved fund balance and retained earnings are used to earmark a portion of fund equity to indicate that it is not appropriate for expenditures or has been legally segregated for a specific future use. Designated fund balance indicates that portion of the fund balance which the township has set aside for specific purposes.

The following is a fund balance reserve as of December 31, 2005:

Special Revenue	
Fire Capital Acquisition	
Reserved for Capital Acquisition	
and Improvements	<u>\$69,884</u>

The following is a fund balance designation as of December 31, 2005:

Capital Projects	
Revolving Improvement	
Designated for Capital Improvements	<u>\$248,761</u>

FINANCIAL STATEMENTS
OF
INDIVIDUAL FUNDS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

GENERAL FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash - Checking	\$ 40,212	\$ 56,314
Cash - Savings & Cert.	196,242	190,314
Due from Other Funds	1,615	1,572
Due from State of Michigan	<u>51,425</u>	<u>49,310</u>
	<u>\$289,494</u>	<u>\$297,510</u>
 LIABILITIES:		
Accounts Payable	\$ 35,415	\$ 54,918
Due to Other Funds	11,448	11,068
Deferred Revenues	<u>-0-</u>	<u>37,065</u>
TOTAL LIABILITIES	\$ 46,863	\$103,051
 GENERAL FUND BALANCE	<u>242,631</u>	<u>194,459</u>
 TOTAL LIABILITIES AND GENERAL FUND BALANCE	<u>\$289,494</u>	<u>\$297,510</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

GENERAL FUND

		<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Prop. Taxes & Assmts.	\$137,500	\$150,772	\$ (13,272)	\$145,943
Trailer Taxes	500	256	244	568
Chgs. for Serv.	2,600	2,716	(116)	2,700
Rent Income	9,100	11,275	(2,175)	10,800
Lic. & Permits	41,000	69,572	(28,572)	72,661
State Shared Revenues	302,000	302,297	(297)	293,230
Interest Inc.	3,000	6,546	(3,546)	9,046
Miscellaneous	<u>15,500</u>	<u>20,646</u>	<u>(5,146)</u>	<u>16,884</u>
TOTAL REVENUES	\$511,200	\$564,080	\$ (52,880)	\$551,832
EXPENDITURES:				
Twp. Board:				
Salaries	\$ 16,200	\$ 14,120	\$ 2,080	\$ 16,419
FICA Tax	1,500	1,094	406	1,700
Supplies	2,000	1,365	635	3,350
Dues	4,200	4,085	115	4,196
Attorney	7,000	5,649	1,351	8,763
Publishing	2,000	293	1,707	1,261
Insurance	13,000	11,920	1,080	12,656
Other	<u>2,300</u>	<u>1,582</u>	<u>718</u>	<u>1,970</u>
TOTAL TOWNSHIP BOARD	\$ 48,200	\$ 40,108	\$ 8,092	\$ 50,315
Supervisor:				
Salaries	\$ 15,000	\$ 15,000	\$ -0-	\$ 14,777
FICA Tax	1,150	1,148	2	1,131
Supplies	100	52	48	103
Insurance	400	400	-0-	400
Education	<u>500</u>	<u>-0-</u>	<u>500</u>	<u>175</u>
TOTAL SUPER-VISOR	\$ 17,150	\$ 16,600	\$ 550	\$ 16,586

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2005 and 2004

GENERAL FUND

	<u>2005</u>		ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>2004</u> <u>ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		
EXPENDITURES:				
Assessor:				
Contractual Serv.	\$ 24,000	\$ 24,400	\$ (400)	\$ 26,000
Supplies	1,700	1,440	260	1,315
Software	<u>1,500</u>	<u>1,190</u>	<u>310</u>	<u>1,505</u>
TOTAL ASSESSOR	\$ 27,200	\$ 27,030	\$ 170	\$ 28,820
Elections:				
Election Insp.	\$ -0-	\$ -0-	\$ -0-	\$ 5,898
Supplies/Misc.	<u>-0-</u>	<u>407</u>	<u>(407)</u>	<u>3,822</u>
TOTAL ELECTIONS	\$ -0-	\$ 407	\$ (407)	\$ 9,720
Clerk/Deputy Clerk:				
Salaries	\$ 15,000	\$ 15,168	\$ (168)	\$ 15,000
FICA Tax	1,150	1,160	(10)	1,148
Supplies	1,100	79	1,021	761
Insurance	300	300	-0-	300
Software	<u>2,500</u>	<u>2,490</u>	<u>10</u>	<u>2,434</u>
TOTAL CLERK	\$ 20,050	\$ 19,197	\$ 853	\$ 19,643
Board of Review:				
Salaries	\$ 2,000	\$ 880	\$ 1,120	\$ 720
FICA Tax	140	86	54	55
Pub/Supplies	<u>370</u>	<u>372</u>	<u>(2)</u>	<u>195</u>
TOTAL BOARD OF REVIEW	\$ 2,510	\$ 1,338	\$ 1,172	\$ 970
Treasurer/Dep. Treas:				
Salaries	\$ 19,000	\$ 19,455	\$ (455)	\$ 19,195
FICA Tax	1,410	1,488	(78)	1,468
Software	1,000	835	165	1,447
Postage	4,500	4,324	176	4,639
Supplies	1,700	1,376	324	1,523
Education	<u>500</u>	<u>70</u>	<u>430</u>	<u>326</u>
TOTAL TREASURER	\$ 28,110	\$ 27,548	\$ 562	\$ 28,598

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2005 and 2004

GENERAL FUND

	<u>2005</u>		ACTUAL (OVER) UNDER BUDGET	<u>2004</u> ACTUAL
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>ACTUAL</u>
EXPENDITURES:				
Hall, Annex & Grounds:				
Salaries	\$ 7,000	\$ 8,475	\$ (1,475)	\$ 8,410
FICA Tax	520	648	(128)	643
Supplies	500	590	(90)	486
Utilities	4,150	4,084	66	4,106
Insurance	400	400	-0-	-0-
Rep. & Maint.	<u>3,000</u>	<u>10,027</u>	<u>(7,027)</u>	<u>2,652</u>
TOTAL HALL & GROUNDS	\$ 15,570	\$ 24,224	\$ (8,654)	\$ 16,297
Other General Gov't:				
Audit	\$ 8,000	\$ 7,360	\$ 640	\$ 8,550
Airport	3,200	3,046	154	3,206
Ambulance	50,000	48,618	1,382	49,023
Street Lights	20,000	21,803	(1,803)	20,458
Telephone	2,800	3,702	(902)	4,206
Fire Hydrant	4,600	4,606	(6)	4,606
Library	-0-	-0-	-0-	13,000
Software	3,000	2,770	230	2,083
Recreation	2,200	2,200	-0-	2,200
Drug Enforcement	<u>4,500</u>	<u>4,427</u>	<u>73</u>	<u>4,427</u>
TOTAL OTHER GENERAL GOVERNMENT	\$ 98,300	\$ 98,532	\$ (232)	\$111,759
Cemetery:				
Salaries	\$ 3,000	\$ 3,000	\$ -0-	\$ 3,000
FICA Tax	270	229	41	191
Supplies/Other	1,100	-0-	1,100	1,245
Insurance	<u>300</u>	<u>300</u>	<u>-0-</u>	<u>300</u>
TOTAL CEMETERY	\$ 4,670	\$ 3,529	\$ 1,141	\$ 4,736

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2005 AND 2004

GENERAL FUND				
		<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
OTHER SOURCES (USES) OF FUNDS:				
Transfer Out	\$ <u>(100,000)</u>	\$ <u>(100,015)</u>	\$ <u>15</u>	\$ <u>(78,518)</u>
TOTAL OTHER SOURCES (USES) OF FUNDS	\$ (100,000)	\$ (100,015)	\$ 15	\$ (78,518)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES OF FUNDS	\$ <u>423</u>	\$ 48,172	\$ <u>(47,749)</u>	\$ (5,571)
Fund Balance January 1,		<u>194,459</u>		<u>200,030</u>
FUND BALANCE DECEMBER 31,		\$ <u>242,631</u>		\$ <u>194,459</u>

The accompanying notes are an integral
part of the financial statements.

SPECIAL REVENUE FUNDS

FIRE FUND

Fire Fund is used to account for fees received and monies disbursed for Township fire protection.

FIRE CAPITAL ACQUISITION FUND

Fire Capital Acquisition Fund is used to account for the Township's portion of fees received and monies disbursed for fire capital acquisition and improvements.

CEMETERY FUND

Cemetery Fund is used to account for monies received and disbursed for the maintenance of the township's cemetery.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005 AND 2004

	<u>2005</u>			<u>2004</u>	
	<u>FIRE</u>	<u>FIRE CAPITAL ACQUISITION</u>	<u>CEMETERY</u>	<u>TOTALS</u>	<u>TOTALS</u>
ASSETS					
Cash	\$ 1,087	\$ 5,531	\$8,956	\$ 15,574	\$ 11,742
Cert. of Deposit	243,496	57,393		300,889	274,463
Accts. Rec.	905	6,960		7,865	3,379
Due from Other Funds	<u>11,448</u>	<u>-0-</u>	<u></u>	<u>11,448</u>	<u>11,068</u>
	<u>\$256,936</u>	<u>\$69,884</u>	<u>\$8,956</u>	<u>\$335,776</u>	<u>\$300,652</u>
LIABILITIES:					
Accts. Pay	\$ <u>11,448</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>11,448</u>	\$ <u>13,600</u>
TOTAL LIAB	\$ <u>11,448</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>11,448</u>	\$ <u>13,600</u>
FUND BALANCE:					
Fund Bal.	\$ <u>245,488</u>	\$ <u>69,884</u>	\$ <u>8,956</u>	\$ <u>324,328</u>	\$ <u>287,052</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>256,936</u>	\$ <u>69,884</u>	\$ <u>8,956</u>	\$ <u>335,776</u>	\$ <u>300,652</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>			<u>2004</u>	
	FIRE CAPITAL				
	<u>FIRE</u>	<u>ACQUISITION</u>	<u>CEMETERY</u>	<u>TOTALS</u>	<u>TOTALS</u>
REVENUES:					
Chgs. For Serv. \$		\$ 15,943	\$	\$ 15,943	\$ 6,318
Int. Inc. & Other	<u>3,476</u>	<u>23,896</u>	<u>23</u>	<u>27,395</u>	<u>4,799</u>
TOTAL REVENUES \$	<u>3,476</u>	<u>\$ 39,839</u>	<u>\$ 23</u>	<u>\$ 43,338</u>	<u>\$ 11,117</u>
EXPENDITURES:					
City of Corunna	\$100,024	\$	\$	\$100,024	\$ 78,518
Principal Pymt					18,802
Int. Exp.					623
Equipment Purch/					
Other		<u>6,053</u>		<u>6,053</u>	<u>2,687</u>
TOTAL EXPEND.	<u>\$100,024</u>	<u>\$ 6,053</u>	<u>\$ -0-</u>	<u>\$106,077</u>	<u>\$100,630</u>
EXCESS OF REVENUES					
OVER (UNDER)					
EXPENDITURES	\$ (96,548)	\$ 33,786	\$ 23	\$ (62,739)	\$ (89,513)
OTHER SOURCES (USES):					
Transfers In	<u>100,015</u>	<u>-0-</u>	<u>-0-</u>	<u>100,015</u>	<u>78,518</u>
TOTAL OTHER					
SOURCES (USES)					
OF FUNDS	\$100,015	\$ -0-	\$ -0-	\$100,015	\$ 78,518
EXCESS OF REVENUES					
OVER (UNDER)					
EXPENDITURES AND					
OTHER SOURCES					
(USES) OF FUNDS	3,467	33,786	23	37,276	(10,995)
Fund Balance					
January 1,	<u>242,021</u>	<u>36,098</u>	<u>8,933</u>	<u>287,052</u>	<u>298,047</u>
FUND BALANCE					
DECEMBER 31,	<u>\$245,488</u>	<u>\$ 69,884</u>	<u>\$8,956</u>	<u>\$324,328</u>	<u>\$287,052</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005 AND 2004

FIRE FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash in Bank	\$ 1,087	\$ 1,087
Cash-Savings & Certificates	243,496	240,934
Due from General	11,448	11,068
Accrued Interest Receivable	<u>905</u>	<u>-0-</u>
	<u>\$256,936</u>	<u>\$253,089</u>
 LIABILITIES:		
Accounts Payable	\$ 11,448	\$ 11,068
 FIRE FUND BALANCE	<u>245,488</u>	<u>242,021</u>
 TOTAL LIABILITIES AND FIRE FUND BALANCE	<u>\$256,936</u>	<u>\$253,089</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

FIRE FUND

	<u>2005</u>	ACTUAL (OVER) UNDER BUDGET	<u>2004</u> <u>ACTUAL</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	
REVENUES:			
Chgs. For Serv. Rendered:			
Interest Earned	\$ -0-	\$ 3,476	\$ (3,476)
TOTAL REVENUES	\$ -0-	\$ 3,476	\$ (3,476)
EXPENDITURES:			
City of Corunna	\$ -0-	\$100,024	\$ (100,024)
TOTAL EXPENDITURES	\$ -0-	\$100,024	\$ (100,024)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	\$ (96,548)	\$ 96,548
OTHER SOURCES (USES) OF FUNDS:			
Transfers In	-0-	100,015	(100,015)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	\$ -0-	\$ 3,467	\$ (3,467)
Fund Balance January 1,		242,021	238,200
FUND BALANCE DECEMBER 31,		\$245,488	\$242,021

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2005 and 2004

FIRE CAPITAL ACQUISITION FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash-Checking	\$ 5,531	\$ 1,722
Cash-Savings & Certificates	57,393	33,529
Accounts Receivable	6,960	2,770
Due from County	<u>-0-</u>	<u>609</u>
	<u>\$69,884</u>	<u>\$38,630</u>
LIABILITIES:		
Accounts Payable	\$ -0-	\$ 2,532
FUND BALANCE	<u>69,884</u>	<u>36,098</u>
	<u>\$69,884</u>	<u>\$38,630</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

FIRE CAPITAL ACQUISITION FUND

	<u>2005</u>		ACTUAL (OVER) UNDER BUDGET	<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>		<u>ACTUAL</u>
REVENUES:				
Charges for Serv.	\$ -0-	\$ 15,943	\$ (15,943)	\$ 6,318
Interest & Other Inc.	<u>-0-</u>	<u>23,896</u>	<u>(23,896)</u>	<u>926</u>
TOTAL REVENUES	\$ -0-	\$ 39,839	\$ (39,839)	\$ 7,244
EXPENDITURES:				
Equipment Purchase	\$ -0-	\$ 6,053	\$ (6,053)	\$ 2,677
Principal Payment	-0-	-0-	-0-	18,802
Interest Expense	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>623</u>
TOTAL EXPENDITURES	\$ <u>-0-</u>	\$ <u>6,053</u>	\$ <u>(6,053)</u>	\$ <u>22,102</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ -0-	\$ 33,786	\$ (33,786)	\$ (14,858)
OTHER SOURCES (USES) OF FUNDS:				
Transfers In	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL OTHER SOURCES OF FUNDS	\$ -0-	\$ -0-	\$ -0-	\$ -0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES OF FUNDS	\$ <u>-0-</u>	\$ 33,786	\$ <u>(33,786)</u>	\$ (14,858)
Fund Balance January 1,		<u>36,098</u>		<u>50,956</u>
FUND BALANCE DECEMBER 31,		\$ <u>69,884</u>		\$ <u>36,098</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

CEMETERY FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash	<u>\$8,956</u>	<u>\$8,933</u>
TOTAL ASSETS	<u>\$8,956</u>	<u>\$8,933</u>
 CEMETERY FUND BALANCE	 <u>\$8,956</u>	 <u>\$8,933</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

CEMETERY FUND

		<u>2005</u>		<u>2004</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Interest	\$-0-	\$ <u>23</u>	\$ (23)	\$ <u>52</u>
TOTAL REVENUES	\$-0-	\$ <u>23</u>	\$ (23)	\$ <u>52</u>
EXPENDITURES	\$-0-	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>10</u>
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES	\$ <u>-0-</u>	\$ <u>23</u>	\$ <u>(23)</u>	\$ <u>42</u>
Fund Balance at January 1,		<u>8,933</u>		<u>8,891</u>
FUND BALANCE AT DEC. 31		\$ <u>8,956</u>		\$ <u>8,933</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

REVOLVING AND IMPROVEMENT FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash in Bank	\$ 402	\$ 400
Certificate of Deposit	243,628	237,873
Accrued Interest Receivable	<u>4,731</u>	<u>-0-</u>
	<u>\$248,761</u>	<u>\$238,273</u>
 FUND BALANCE	 <u>\$248,761</u>	 <u>\$238,273</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2005 AND 2004

REVOLVING AND IMPROVEMENT FUND

	<u>2005</u>		<u>2004</u>	
	<u>BUDGET</u>	<u>ACTUAL</u>	ACTUAL (OVER) UNDER <u>BUDGET</u>	<u>ACTUAL</u>
REVENUES:				
Interest Earned	\$ <u>-0-</u>	\$ <u>10,488</u>	\$ (<u>10,488</u>)	\$ <u>8,457</u>
TOTAL REVENUES	\$ <u>-0-</u>	\$ <u>10,488</u>	\$ (<u>10,488</u>)	\$ <u>8,457</u>
EXPENDITURES	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ <u>-0-</u>	\$ <u>10,488</u>	\$ (<u>10,488</u>)	\$ <u>8,457</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES) OF FUNDS	\$ <u>-0-</u>	\$ <u>10,488</u>	\$ (<u>10,488</u>)	\$ <u>8,457</u>
Fund Balance at January 1,		<u>238,273</u>		<u>229,816</u>
FUND BALANCE AT DECEMBER 31,		<u>\$248,761</u>		<u>\$238,273</u>

The accompanying notes are an integral
part of the financial statements.

ENTERPRISE FUNDS

SEWER FUND

The Sewer Fund is used to account for sewer services to residents of the Township. All activities necessary to provide such services are accounted for in this fund, including, but not limited to; administration, operations, debt service and the waste water special assessment fund. The waste water special assessment fund is used to account for monies assessed for sewer construction and to pay bonds and interest relative to that construction.

WATER FUND

The Water Fund is used to account for water services to residents of the Township.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2005 AND 2004

	ASSETS <u>2005</u>			<u>2004</u>
	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
Current Assets:				
Cash	\$ 189,475	\$ 1,615	\$ 191,090	\$ 193,101
Savings & Cert.				
Of Deposit	2,119,775	117,788	2,237,563	2,189,612
Accts. Rec.	<u>524</u>	<u>-0-</u>	<u>524</u>	<u>12,166</u>
TOTAL CURRENT ASSETS	\$2,309,774	\$119,403	\$2,429,177	\$2,394,879
Prop. & Plant	\$ 513,450	\$204,136	\$ 717,586	\$ 717,586
Accum. Deprec.	<u>(508,968)</u>	<u>(183,530)</u>	<u>(692,498)</u>	<u>(667,764)</u>
	\$ 4,482	\$ 20,606	\$ 25,088	\$ 49,822
Other Assets:				
Investment in				
Subsidiary				
Owosso-Caledonia				
Utility Auth	\$4,427,999	\$ -0-	\$4,427,999	\$4,491,995
TOTAL OTHER ASSETS	\$4,427,999	\$ -0-	\$4,427,999	\$4,491,995
TOTAL ASSETS	<u>\$6,742,255</u>	<u>\$140,009</u>	<u>\$6,882,264</u>	<u>\$6,936,696</u>

LIABILITIES AND FUND EQUITY

Current Liabilities:				
Due to Other				
Funds	\$ 720	\$ -0-	\$ 720	\$ -0-
TOTAL CURRENT LIABILITIES	\$ 720	\$ -0-	\$ 720	\$ -0-
Fund Balance:				
Contributed				
Capital	\$ -0-	\$ 41,485	\$ 41,485	\$ 41,485
Retained				
Earnings	<u>6,741,535</u>	<u>98,524</u>	<u>6,840,059</u>	<u>6,895,211</u>
TOTAL LIAB. & FUND EQUITY	<u>\$6,742,255</u>	<u>\$140,009</u>	<u>\$6,882,264</u>	<u>\$6,936,696</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUND
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2005 and 2004

	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
REVENUES:				
Charges for				
Services	\$ 127,085	\$ -0-	\$ 127,085	\$ 148,010
Hookups	24,000		24,000	49,329
Int. & Other				
Income	<u>50,543</u>	<u>1,139</u>	<u>51,682</u>	<u>46,905</u>
TOTAL OPERATING				
REVENUES	\$ 201,628	\$ 1,139	\$ 202,767	\$ 244,244
OPERATING EXP:				
Operation of				
Plant	\$ 154,272	\$	\$ 154,272	\$ 162,970
Replacement	14,872		14,872	6,564
Deprec. Exp.	17,930	6,804	24,734	24,734
Misc. Exp.	<u>15</u>	<u>30</u>	<u>45</u>	<u>74</u>
TOTAL OPERATING				
EXPENSES	\$ <u>187,089</u>	\$ <u>6,834</u>	\$ <u>193,923</u>	\$ <u>194,342</u>
OPERATING INCOME				
(LOSS)	\$ 14,539	\$ (5,695)	\$ 8,844	\$ 49,902
NON-OPERATING INCOME				
(EXPENSE):				
Depreciation offset				
Against Contrib.				
Capital	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
NET INCOME	\$ 14,539	\$ (5,695)	\$ 8,844	\$ 49,902
Retained Earnings				
January 1,	\$6,790,992	\$104,219	\$6,895,211	\$6,904,624
Decrease in Value				
Subsidiary During				
the Year	<u>(63,996)</u>	<u>-0-</u>	<u>(63,996)</u>	<u>(59,315)</u>
RETAINED EARNINGS				
DECEMBER 31,	<u>\$6,741,535</u>	<u>\$ 98,524</u>	<u>\$6,840,059</u>	<u>\$6,895,211</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005 and 2004

	<u>2005</u>			<u>2004</u>
	<u>SEWER FUND</u>	<u>WATER FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
Cash Flows from Operating Activities:				
Net Income	\$ 14,539	\$ (5,695)	\$ 8,844	\$ 49,902
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:				
Deprec.	17,930	6,804	24,734	24,734
Increase Decrease in Accts. Rec.	11,642	-0-	11,642	(11,053)
Increase in Due to Other Ent.	<u>720</u>	<u>-0-</u>	<u>720</u>	<u>-0-</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 44,831	\$ 1,109	\$ 45,940	\$ 63,583
Cash and Cash Equivalents January 1,	<u>2,264,419</u>	<u>118,294</u>	<u>2,382,713</u>	<u>2,319,130</u>
CASH AND CASH EQUIVALENTS DECEMBER 31,	<u>\$2,309,250</u>	<u>\$119,403</u>	<u>\$2,428,653</u>	<u>\$2,382,713</u>
Supplemental Disclosure of Cash Flow Information:				
Cash Paid During the Year for:				
Interest	\$ -0-	\$ -0-	\$ -0-	\$ -0-

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash in Bank	\$ 189,475	\$ 191,486
Certificates of Deposit	2,119,775	2,072,933
Accounts Receivable	<u>524</u>	<u>12,166</u>
TOTAL CURRENT ASSETS	\$2,309,774	\$2,276,585
Property and Plant:		
Investment in Sewer Plan	\$ 513,450	\$ 513,450
Accumulated Depreciation	<u>(508,968)</u>	<u>(491,038)</u>
	\$ 4,482	\$ 22,412
Other Assets:		
Investment in Subsidiary -		
Owosso Caledonia	<u>\$4,427,999</u>	<u>\$4,491,995</u>
TOTAL OTHER ASSETS	<u>4,427,999</u>	<u>4,491,995</u>
TOTAL ASSETS	<u>\$6,742,255</u>	<u>\$6,790,992</u>

LIABILITIES AND FUND EQUITY

Current Liabilities:		
Due to Other Entities	\$ <u>720</u>	\$ <u>-0-</u>
TOTAL CURRENT LIABILITIES	\$ <u>720</u>	\$ <u>-0-</u>
Retained Earnings	<u>\$6,741,535</u>	<u>\$6,790,992</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$6,742,255</u>	<u>\$6,790,992</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
REVENUES:		
Charge for Services	\$ 127,085	\$ 148,010
Hookups	24,000	49,329
Interest & Other Income	<u>50,543</u>	<u>46,553</u>
TOTAL OPERATING REVENUES	\$ 201,628	\$ 243,892
OPERATING EXPENSES:		
Operation of Plant	\$ 154,287	\$ 162,994
Replacement	14,872	6,564
Depreciation Expense	<u>17,930</u>	<u>17,930</u>
TOTAL OPERATING EXPENSES	\$ <u>187,089</u>	\$ <u>187,488</u>
NET INCOME	\$ 14,539	\$ 56,404
Retained Earnings January 1,	\$6,790,992	\$6,793,903
Decrease in Value of Subsidiary During the Year	<u>(63,996)</u>	<u>(59,315)</u>
RETAINED EARNINGS DECEMBER 31,	<u>\$6,741,535</u>	<u>\$6,790,992</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
SEWER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net Income	\$ 14,539	\$ 56,404
Adjustments to Reconcile Net Income to		
Net Cash Provided from Operating Activities:		
Depreciation	17,930	17,930
Decrease in Accts. Rec.	11,642	(11,053)
Increase in Due to Other		
Entities	<u>720</u>	<u>-0-</u>
NET CASH FLOW FROM		
OPERATING ACTIVITIES	\$ 44,831	\$ 63,281
Cash and Cash Equivalents		
January 1,	<u>2,264,419</u>	<u>2,201,138</u>
CASH AND CASH EQUIVALENTS		
DECEMBER 31,	<u>\$2,309,250</u>	<u>\$2,264,419</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Paid During the Year for:		
Interest	\$ <u>-0-</u>	\$ <u>-0-</u>

Disclosure of Accounting Policy:
For the purpose of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

ASSETS

	<u>2005</u>	<u>2004</u>
Current Assets:		
Cash	\$ 1,615	\$ 1,615
Savings & Cert. Of Deposit	<u>117,788</u>	<u>116,679</u>
TOTAL CURRENT ASSETS	\$119,403	\$118,294
Property and Plant:		
Investment in Water Lines	\$204,136	\$204,136
Accumulated Depreciation	<u>(183,530)</u>	<u>(176,726)</u>
	<u>20,606</u>	<u>27,410</u>
TOTAL ASSETS	<u>\$140,009</u>	<u>\$145,704</u>

LIABILITIES AND FUND BALANCE

Fund Balance:		
Contributed Capital	\$ 41,485	\$ 41,485
Retained Earnings	<u>98,524</u>	<u>104,219</u>
TOTAL FUND BALANCE	<u>\$140,009</u>	<u>\$145,704</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues:		
Interest Income	\$ <u>1,139</u>	\$ <u>352</u>
TOTAL OPERATING REVENUES	\$ 1,139	\$ 352
Operating Expenses:		
Depreciation	\$ 6,804	\$ 6,804
Water Project and Other	<u>30</u>	<u>50</u>
TOTAL OPERATING EXPENSES	\$ <u>6,834</u>	\$ <u>6,854</u>
OPERATING INCOME	\$ (5,695)	\$ (6,502)
NON-OPERATING INCOME (EXPENSE):		
Depreciation Offset Against		
Contributed Capital	\$ <u>-0-</u>	\$ <u>-0-</u>
NET INCOME (LOSS)	\$ (5,695)	\$ (6,502)
Retained Earnings January 1,	<u>104,219</u>	<u>110,721</u>
RETAINED EARNINGS DECEMBER 31,	\$ <u><u>98,524</u></u>	\$ <u><u>104,219</u></u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
WATER FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Net Income	\$ (5,695)	\$ (6,502)
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:		
Depreciation	<u>6,804</u>	<u>6,804</u>
NET CASH FLOW FROM OPERATING ACTIVITIES	\$ 1,109	\$ 302
Cash and Cash Equivalents January 1,	<u>118,294</u>	<u>117,992</u>
CASH AND CASH EQUIVALENTS DECEMBER 31,	<u>\$119,403</u>	<u>\$118,294</u>

Supplemental Disclosure of Cash Flow Information:

Cash Paid During the Year for:

Interest	\$ <u>-0-</u>	\$ <u>-0-</u>
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Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the company considers all highly liquid debt instruments, such as certificates of deposit, to be cash equivalents.

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUNDS

TRUST AND AGENCY FUND

Trust and Agency Fund is used to account for collection of delinquent taxes and other monies which are held by the Township as a trustee and are distributed to other funds of the Township or to other governmental agencies.

CURRENT TAX COLLECTION FUND

Current Tax Collection Fund is used to receive the Township's current tax collections and to distribute such monies to the Township funds involved therein, and to other governmental agencies.

CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2005 AND 2004

	<u>2005</u>		<u>2004</u>	
	<u>CURRENT TAX COLLECTION</u>	<u>TRUST AND AGENCY</u>	<u>TOTALS</u>	<u>TOTALS</u>
ASSETS:				
Cash in Bank	\$ 32	\$1,827	\$1,859	\$ 1,572
Due from Other Funds		133	133	-0-
	<u>\$ 32</u>	<u>\$1,960</u>	<u>\$1,992</u>	<u>\$ 1,572</u>
LIABILITIES:				
Due to Other Funds	\$ 2	\$1,747	\$1,749	\$ 1,572
Due to Other Taxing Entities	30	213	243	-0-
Due to Others				-0-
	<u>\$ 32</u>	<u>\$1,960</u>	<u>\$1,992</u>	<u>\$ 1,572</u>
FUND BALANCES:				
Fund Balances	<u>\$-0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
	<u>\$ 32</u>	<u>\$1,960</u>	<u>\$1,992</u>	<u>\$ 1,572</u>

The accompanying notes are an integral
part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
FIDUCIARY FUNDS
BALANCE SHEET
DECEMBER 31, 2005 AND 2004

CURRENT TAX COLLECTION FUND

	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash in Bank	\$ <u>32</u>	\$ <u>40</u>
LIABILITIES:		
Due to Other Funds	\$ 2	\$ -0-
Due to Other Taxing Entities	30	40
Due to Others	<u>-0-</u>	<u>-0-</u>
FUND BALANCE	\$ <u>32</u>	\$ <u>40</u>

TRUST AND AGENCY FUND

ASSETS:		
Cash in Bank	\$ 1,827	\$ 1,572
Due from Other Funds	<u>133</u>	<u>-0-</u>
	\$ <u>1,960</u>	\$ <u>1,572</u>
LIABILITIES:		
Due to Other Entities	\$ 213	\$ 1,572
Due to Other Funds	<u>1,747</u>	<u>-0-</u>
FUND BALANCE	<u>-0-</u>	<u>-0-</u>
	\$ <u>1,960</u>	\$ <u>1,572</u>

The accompanying notes are an integral part of the financial statements.

CALEDONIA CHARTER TOWNSHIP
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
YEAR ENDED DECEMBER 31, 2005 AND 2004

CURRENT TAX COLLECTION FUND

	<u>2005</u>	<u>2004</u>
BALANCE JANUARY 1,	\$ 40	\$ 689,763
RECEIPTS:		
Current Property Taxes & Assmts.	\$4,140,119	\$3,535,201
Delinquent Taxes, Penalties	23,608	10,312
Dog Licenses	100	175
Interest	5,569	3,474
Overpayments & Reimb.	<u>11,301</u>	<u>23,033</u>
	<u>\$4,180,697</u>	<u>\$3,572,195</u>
TOTAL RECEIPTS AND BEGINNING BALANCE	\$4,180,737	\$4,261,958
DISBURSEMENTS:		
Shiawassee County	\$2,570,771	\$2,572,296
Owosso Schools	583,613	606,705
Corunna Schools	763,011	869,469
General Fund	172,127	166,484
City of Corunna	1,575	2,888
Refunds and Fees	9,838	23,033
SATA	6,284	1,832
Community Library	<u>73,486</u>	<u>19,211</u>
TOTAL DISBURSEMENTS	<u>\$4,180,705</u>	<u>\$4,261,918</u>
 BALANCE DECEMBER 31,	 \$ <u>32</u>	 \$ <u>40</u>

The accompanying notes are an integral part of the financial statements.

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

The General Fixed Assets Group of Accounts is used to account for the Township's fixed assets.

CALEDONIA CHARTER TOWNSHIP
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
DECEMBER 31, 2005 AND 2004

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

	<u>BALANCE</u> <u>12-31-04</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>12-31-05</u>
Land	\$ 184,500	\$ -0-	\$ -0-	\$ 184,500
Buildings	314,444	-0-	-0-	314,444
Mach. & Equip.	266,595	-0-	-0-	266,595
Vehicles	<u>280,258</u>	<u>-0-</u>	<u>-0-</u>	<u>280,258</u>
	<u>\$1,045,797</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$1,045,797</u>

The accompanying notes are an integral part of the financial statements.



DEMIS and WENZLICK, P.C.

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Barbara Wenzlick
Gail Winnick, C.P.A.

June 16, 2005

Members of the Township Board
Caledonia Charter Township
Shiawassee County, Michigan

In compliance with the provisions of Section 11, Paragraph 2, of Act 2, Public Acts of 1968, we wish to render our report of comments and recommendations which were formulated as a result of the audit our firm performed on the financial statements of the Caledonia Charter Township, for the year ended December 31, 2005.

BUDGET

The State Revenue Sharing Distribution Law, P.A. 176 of 1980, includes a compliance requirement in budgeting. It is important under this act that expenditures do not exceed the budget. Expenditures include accounts payable at December 31. Budgeted expenditures cannot exceed budgeted revenues plus the beginning fund balance. During our audit we noticed certain expenditures exceeding budgeting amounts. Care should be taken that expenditures do not exceed the budget. Amendments, if any, must occur before December 31. Additionally, a budget should be adopted for the Fire Capital Acquisition Fund.

We wish to thank the board for the excellent cooperation we received in performing the Township audit. If we can be of any further assistance to the Township, please contact us.

Sincerely yours,

Demis and Wenzlick, PC

Certified Public Accountants